

Union of Concerned Scientists

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Planning and Conservation League

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Coalition for Clean Air

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California Public Interest Research Group

Environmental Defense Fund

American Lung Association of California

January 16, 2008

Mary Nichols, Chairperson
California Air Resources Board
1001 I Street • P.O. Box 2815
Sacramento, CA 95812

RE: Recommended Policy Mechanism for GHG Emission Reductions – FEEBATES

Dear Chairperson Nichols:

We are writing to express our strong support for the inclusion of a vehicle feebates program as a key strategy in the Scoping Plan to reduce greenhouse gas emissions from within the transportation sector.

A feebates mechanism is an incentive program that would assign one-time surcharges and rebates on new passenger cars and trucks based upon their emissions of greenhouse gases. The surcharges and rebates act as market-oriented incentives for consumers to purchase, and for manufacturers to produce cleaner, lower-emitting vehicles

Feebates models typically design the program so that the surcharges would pay for the rebates and administrative costs, essentially making the program self-financing.

A vehicle feebates program can work well independently or in conjunction with existing vehicle emission regulations. For example, a study by the University of Michigan's Transportation Research Institute indicates that, combined with California's vehicle greenhouse gas regulations, a well-designed feebates program could provide approximately 25% additional emission reductions. The same study showed that the program would save consumers thousands of dollars in reduced lifetime operating costs.

We believe that an effective feebates program developed by the California Air Resources Board (CARB) should adhere to the following principles:

- The program should achieve the maximum feasible and cost-effective greenhouse gas emission reductions consistent with AB 32.

(cont.)

- The program should consider the benefits of educating consumers on the impact of their vehicle choices and engaging consumers through incentives to purchase cleaner vehicles and reduce emissions.
- The program should, to the maximum extent feasible, be self-financing.
- In order to maximize emissions reductions, the program should include as many passenger vehicles as is practical.
- The calculation of surcharges and rebates should be based primarily on a continuous scale to avoid unfair or confusing discontinuities.
- The feebates program should compliment the state's efforts to improve air quality and ensure that no loss of emissions benefits occurs for any criteria pollutant as the result of any specific program design consideration.

Thank you for considering our request. If you would like to discuss the details of how an effective feebates program could be designed, please contact Spencer Quong at the Union of Concerned Scientists, 510-809-1571.

Sincerely,

Spencer Quong

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